

Message Text

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PAGE 01 SINGAP 00680 170920Z
ACTION EA-09

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USDOC FOR MEPD

E.O. 11652: N/A
TAGS: EAIR, ETRD, SN
SUBJ: DUTCH COMPANY WINS SINGAPORE LORADS COMPETITION

1. FOLLOWING PRESS ACCOUNTS OF AWARD OF US\$7.5 MILLION
LORADS RADAR CONTRACT TO PHILIPS (DUTCH), EMBOFFS CALLED
ON WILLY KWANG, ASSISTANT DIRECTOR OF DEPARTMENT OF
CIVIL AVIATION (DCA), FOR POST-MORTEM.

2. ACCORDING TO KWANG, FINAL THREE CONTENDERS WERE
WESTINGHOUSE--SPERRY UNIVAC (WHO HEADED THE LIST), PHILIPS
AND TELEFUNKEN. DECISION TO GO WITH PHILIPS, ACCORDING
TO KWANG, WAS MADE MAINLY ON THE BASIS OF PRICE. DUTCH
BID WAS ABOUT \$286,000 LOWER THAN US PRICE. IN ADDITION,
PHILIPS WAS MORE FLEXIBLE IN MEETING GOS REQUEST FOR
ESCALATOR CLAUSE COVERING COSTS OF REPLACEMENT PARTS.
HAVING MADE THESE POINTS, KWANG LAUNCHED INTO DISCUSSION
OF HIS UNEASE REGARDING US BIDDER'S COMMITMENT TO AFTER-
SALE ASSISTANCE AND DEBUGGING HELP.

3. ACCORDING TO KWANG, SPERRY PRESENTATION DID NOT FOCUS
ON QUESTIONS OF INSTALLATION AND START-UP, AND GOS TEAM
GOT STRONG IMPRESSION THAT THEY WOULD BE ON THEIR OWN
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AFTER THE SALE. RADAR WAS A MAJOR INVESTMENT FOR GOS,
SAID KWANG, AND UNREBUTTED IMPRESSION THAT SPERRY MIGHT
UNLOAD THE RADAR AND DEPART CAUSED GOS TO TURN TO PHILIPS,
WHICH HAS SIZEABLE INTERESTS HERE.

4. EMBOFF ASKED IF GOS HAD CONSIDERED FAA WILLINGNESS TO
PROVIDE SUPPORT AND TRAINING. KWANG SAID YES, AND REIM-

BURSEMENT COSTS TO FAA WERE FACTORED INTO SPERRY BID, BUT HE WAS OBVIOUSLY LEERY OF WAY IN WHICH SPERRY REFERRED QUESTIONS OF TRAINING TO FAA. IN SUM, SAID KWANG, US BIDDERS WOULD HAVE TO LEARN TECHNIQUES OF DEALING WITH LDC'S WHO DO NOT HAVE THE TECHNICAL EXPERTISE OF LARGE PURCHASERS LIKE FAA.

5. KWANG SAID TENDERS WOULD BE ANNOUNCED LATER THIS YEAR FOR SHORT-RANGE RADAR AND OTHER AIRPORT FACILITIES AT CHANGI. HE QUICKLY DENIED SUGGESTION PHILIPS HAD INSIDE TRACK ON THESE PROJECTS, SAYING HE HAD NO WISH TO LIMIT HIS SUPPLY SOURCES.

6. COMMENT: WE HAVE NO DOUBT PRICE WAS A MAJOR FACTOR IN GOS DECISION, BUT THERE ARE LESSONS TO BE LEARNED IN AREA OF TECHNICAL SUPPORT. PHILIPS HAS LARGE STAKE IN SINGAPORE, AND WOULD HAVE NO PROBLEM CONVINCING GOS THAT IT WOULD BE HERE TO SOLVE ANY PROBLEMS AS THEY AROSE. ADDITIONALLY, PHILIPS ENGINEER TOLD EMBOFF LAST WEEK THAT PHILIPS HAD SUCCEEDED IN AVOIDING LAYOFFS OF LOCAL WORKERS IN VARIOUS LAND RECLAMATION PROJECTS DESPITE UNABLE ECONOMIC TURNS. THESE ATMOSPHERICS OBVIOUSLY DID NOT HURT PHILIPS POSITION. WE SUSPECT, HOWEVER, THAT GOS TRIED TO WRING CONSIDERABLE TECHNOLOGY TRANSFER OUT OF DEAL AND THAT THERE ARE SIGNIFICANT AID ASPECTS IN CONTACT.

7. ADDRESSEES PLEASE NOTE THIS MESSAGE CONTAINS COMMERCIAL SENSITIVE INFORMATION AND IS NOT TO BE DISSEMINATED OUTSIDE LIMITED OFFICIAL USE

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GRANT

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Message Attributes

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Copy: SINGLE
Sent Date: 17-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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ISecure: 1
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